

Good morning, my name is Marie Lenane and I am a Policy Analyst at the Executive Office of Health and Human Services (EOHHS). I am here to present staff testimony on proposed amendments to 101 CMR 417.00: *Rates for Certain Elder Care Services*. In accordance with this requirement, and to address the agreement between EOHHS, EOEa, and the providers related to certain rate redesign, the rates for certain elder care services, specifically enhanced community options program (ECOP) direct services and home care program services direct services, have been redesigned and updated to include program-related costs for occupancy, no-shows, unfilled demand, and other program expenses. Occupancy and other program expense benchmarks were derived from the FY21 Uniform Financial Statements and Independent Auditor's Report (UFR) data and are program specific. No-show cost is determined using calendar year 2021 data and represents 10% of annual consumers, multiplied by the average hourly rate of direct service workers. Unfilled demand cost is determined using 2021 unfilled units multiplied by the estimated weighted average of service level rates for each relevant service.

Amendments to this regulation are being proposed at this time in accordance with M.G.L Chapter 118E, Section 13D, which requires the secretary of EOHHS to establish, by regulation, rates to be paid by governmental units for social service programs.

The proposed regulation contains rates for dates of service on or after July 1, 2023.

The rate amendments include an increase by a cost adjustment factor (CAF) of 4.24%, effective July 1, 2023. The CAF was determined by using baseline and prospective Massachusetts Economic Indicator data from IHS Economics – Fall 2022 Forecast, optimistic scenario data. The CAF reflects the period between the rates' base period (calendar year 2022 Q4) and the prospective period of fiscal years 2024 and 2025. In addition to the FY24 CAF, the rates for all services have been updated to include all staff salaries. It is the Purchase of Service (Chapter 257) policy to utilize salary data from the most recent version of the Massachusetts Bureau of Labor Statistics Occupational Employment and Wage Statistics (OEWS) available at the time of the rate review. As such, the benchmarks are derived from the Massachusetts Bureau of Labor Statistics (BLS) wages dated May 2021 at the 53<sup>rd</sup> percentile. The administrative allocation has been benchmarked to 12% and the tax and fringe rate has been benchmarked to 25.39%. This benchmark is derived from the MA Comptroller's FY23 approved rate less terminal leave and retirement. This benchmark includes an additional 2% to be used to promote workforce initiatives such as retirement benefits. Finally, the separate workforce initiative rates have been removed from the regulation because the workforce initiative goal of the rate review has been met.

The total FY24 annualized cost to state government from the increase in rates established by this regulation is approximately \$29.5M, which represents a total increase of 14.49% over FY23 projected spending of approximately \$204M.

This concludes my testimony. Thank you.